



LARRY D. RIPLEY  
Senior Attorney

August 20, 2002

Ms. Jean D. Jewell, Secretary  
Idaho Public Utilities Commission  
472 W. Washington Street  
P.O. Box 83720  
Boise, Idaho 83720-0074

RE: Case No. IPC-E-02-\_\_\_\_  
Idaho Power Company's Application To Revise  
Deposit Requirements in Schedules 24 & 25

Dear Ms. Jewell:

Enclosed herewith for filing with the Commission are an original and seven (7) copies of Idaho Power Company's Application to Revise Deposit Requirements in Schedules 24 & 25. Also enclosed are an original and three (3) copies of Sheets 24-4, 24-5 and 25-6 as well as copies in legislative format.

I would appreciate it if you would return a stamped copy of this transmittal letter for our files.

Very truly yours,

Larry D. Ripley

LDR:jb  
Enclosures

c: Ric Gale  
Maggie Brilz  
P&RS/Legal Files

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Boise, Idaho 83707  
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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE	)	
APPLICATION OF IDAHO POWER	)	CASE NO. IPC-E-02-_____
COMPANY FOR AUTHORITY TO	)	
REVISE DEPOSIT REQUIREMENTS IN	)	
SCHEDULES 24 & 25 FOR ELECTRIC	)	APPLICATION
SERVICE TO IRRIGATION CUSTOMERS	)	
_____	)	

IDAHO POWER COMPANY (the “Company”) applies to the Idaho Public Utilities Commission for authority to revise Deposit requirements in Schedules 24 and 25 for electric service to its irrigation customers. In support of the Application, Idaho Power submits the following:

I.

Idaho Power is continually seeking to streamline and improve procedures and processes in an effort to maintain and promote customer satisfaction as well as more efficiently utilize the Company’s resources.

## II.

Past Commission Orders have recognized that the unique nature of irrigation service justifies provisions designed to protect the Company against losses from unpaid irrigation bills. The Deposit provisions of Schedules 24 and 25 were adopted as a practical and equitable way of achieving this protection. Currently, a Deposit may be required from various irrigation customers including new customers with no credit history, customers with a history of late payments, customers for whom an order for relief has been entered under the federal bankruptcy laws, or for whom a receiver has been appointed in a court proceeding. The Deposit, including accrued interest, is applied to the Customer's account upon date of disconnection or at the time the Customer's September bill is prepared, whichever is earlier.

Idaho Power Company is requesting that protection against losses from unpaid irrigation bills be achieved through a revised Deposit provision in Schedules 24 and 25.

## III.

### Proposed Deposit Requirements

#### a. Existing Customers:

(1) Currently, a Deposit may be required of those customers having two or more late payments of \$100 or more during a 12-month period. A payment is considered late when it is unpaid at the time the next monthly bill is prepared. The amount of the Deposit is computed by taking the account's highest charge during

the past 12-months and multiplying by a factor of one and one-half (1.5). The Deposit may be modified due to a change in crops.

(2) The Company's proposal would liberalize the criteria and require a Deposit from those customers having two or more reminder notices for unpaid Electric Service balances of \$100 or more during a 12-month period. A reminder notice is issued only when a bill is not paid approximately 45 days after the bill is issued. The Company's proposal would retain the current provision that Deposits would be required from customers whose service is disconnected (during the out-of-season period) due to non-payment. The amount of the Deposit will be computed using the following formula:

(a) Monthly Billing Demand will be determined by multiplying 80 percent times the connected horsepower.

(b) Monthly Energy (billing kWh) will be determined by multiplying 50 percent times 720 hours times the Monthly Billing Demand.

(c) The Monthly Billing Demand and the Monthly Energy will be multiplied by the current rates and added to the Irrigation In-Season Customer Charge to determine the estimated monthly bill.

(d) The estimated monthly bill will be multiplied by a factor of one and one-half (1.5) to determine the Deposit.

b. New Customers:

(1) Currently, at the Company's discretion, the Company may require a new customer to provide a Deposit. The Company intends to continue this provision. The proposed Deposit for a specific installation will be computed using the same methodology as outlined for Existing Customers.

c. Bankruptcy or Receivership:

(1) The proposed Deposit will be computed using the same methodology as outlined for Existing Customers.

IV.

All Deposits plus accrued interest would continue to be applied to the Customer's account at the time of the September billing, the last month of the Irrigation Season.

V.

"Reminder Notice" Replacing "Late Payment" Criteria

Currently, customers who have two or more late payments of \$100 or more are required to pay a Deposit or provide a guarantee of payment from a bank or financial institution. A fairness issue is created for those customers choosing to have multiple accounts rather than electing to use the Summary Billing option. A customer with multiple accounts in multiple billing cycles would usually pay his bill for all of his accounts by the due date of the account in the latest billing cycle. This could potentially make his early cycle billings late. Two or more late payments would trigger the requirement to pay a Deposit. The Company believes if a customer pays his bill in full each month, he should not be penalized with a requirement to pay a Deposit simply

because of different due dates for multiple accounts throughout the month. Therefore, to ensure that customers not choosing Summary Billing were treated fairly, the Company manually reviewed each service installation electronically earmarked for a Deposit for the 2002 irrigation year before the Deposit was actually requested.

The Company is proposing the Deposit criteria be liberalized from two or more “*late payments*” of \$100 or more to two or more “*reminder notices*” for unpaid Electric Service balances of \$100 or more during a 12-month period. With adoption of this revision, a customer who pays his bill for all of his accounts by the due date of the account in the latest billing cycle will not be electronically earmarked to make a Deposit the following irrigation season. This change will eliminate the need for the Company to manually review the accounts of customers earmarked for a Deposit.

## VI.

### “Prospective” Replacing “Historical” Criteria

A second area of concern is basing the amount of the Deposit on the specific installation’s previous year’s history. The previous use of a pump is not necessarily indicative of the use for the upcoming year. Some farmers allow fields to lie fallow; farmers may rotate between water-intensive crops and those requiring less water; and finally, the weather and water conditions from year to year are not uniform.

Under current tariff provisions, small Deposits may be requested on large pumps that could potentially have large usage during the upcoming irrigation season. The Company’s exposure against losses from unpaid irrigation bills is unjustly and significantly increased.

At present, the only recognition of the impact of any of the irrigation usage variables is entirely one-sided. The current tariff language states, “The Deposit may be modified due to a change in crops.” It is extremely difficult for the Company to identify when a “change in crops” occurs. Since it is likely the customer will only contact the Company if intending to irrigate a less water-intensive crop, the current tariff provisions will continue to be one-sided and therefore inequitable. Establishing the amount of the Deposit based on the connected horsepower will provide greater consistency and fairness for all customers required to pay a Deposit.

## VII.

### Proposed Deposit Methodology Goals

- a. The proposed changes to the Deposit mechanism are intended to be dollar-neutral in the aggregate. When tested using June 15, 2001 through June 14, 2002 data, the dollar amount of the suggested Deposits in aggregate are essentially identical under both current and proposed methodologies.
- b. The Deposit criteria are more lenient than current provisions. Therefore implementing the revisions for the 2003 irrigation season will provide a customer benefit.

## VIII.

### Summary

Idaho Power is continually trying to streamline and improve its processes. Upon adoption of the proposed criteria, the Company will be able to automatically identify only those customers designated for a Deposit because of poor payment habits

and systematically eliminate those customers whose bills were late only because of the customer's various billing cycles.

Liberalizing the conditions under which a Deposit is required is advantageous to the irrigation customers. Upon adoption, the customers will have a longer time period to pay a bill before it contributes to requiring a Deposit the following irrigation season.

The aggregate dollars for Deposits, under either the current or proposed methodologies, are approximately equal. However, basing the Deposit on horsepower would be fairer and more equitable to both the Company and its customers because it would not be based on the previous year's weather, type of crop, or lack of crop.

An effective and efficient Deposit mechanism can safeguard the Company against losses from unpaid irrigation bills. Therefore, the Company is requesting adoption of the proposed Deposit approach because of its advantages of fairness and consistency to both the Company and its customers plus the added benefit of automating the entire process.

In summary, the Company's proposals meet the long-recognized requirements of protecting the Company against losses from unpaid irrigation bills, promoting customer satisfaction and better utilizing the Company's resources.

## IX.

The Company requests the modifications to Schedules 24 and 25 become effective September 19, 2002.



X.

Attachment No. 1 to this Application is a copy of Applicant's proposed revised Schedules 24 and 25.

XI.

Attachment No. 2 to this Application shows the changes to the Company's Schedules 24 and 25 in legislative format. Proposed changes are shown by highlighting proposed additions or amendments, or by striking through deletions, in the existing Schedules 24 and 25.

XII.

#### MODIFIED PROCEDURE

The Company believes that consideration by the Commission of the proposals contained in this Application does not require an evidentiary proceeding, and accordingly the Company requests that this Application be processed under RP 201 allowing for consideration of issues under modified procedure, i.e., by written submissions rather than by an evidentiary hearing.

XIII.

Communications with reference to this Application should be sent to the following:

Maggie Brilz  
Director, Pricing  
Idaho Power Company  
P. O. Box 70  
Boise, Idaho 83707

Larry D. Ripley  
Senior Attorney  
Idaho Power Company  
P. O. Box 70  
Boise, Idaho 83707

WHEREFORE, Idaho Power respectfully requests that the Commission approve under Modified Procedure the proposed revisions to tariff Schedules 24 and 25 effective September 19, 2002.

/s/

\_\_\_\_\_  
Larry D. Ripley

# **Attachment 1**

SCHEDULE 24  
IRRIGATION SERVICE  
 (Continued)

MONTHLY CHARGE (Continued)

TRANSMISSION SERVICE

Customer Charge

\$85.61 per meter per month

Irrigation Season

\$ 2.50 per meter per month

Out of Season

Demand Charge

\$3.37 per kW of Billing Demand

Irrigation Season

No Demand Charge

Out of Season

Energy Charge

	Power Cost
<u>Base Rate</u>	<u>Adjustment*</u>

Effective

2.7021¢

1.3415¢

Rate\*

4.0436¢ per kWh for all kWh Irrigation Season

3.4396¢

1.3415¢

4.7811¢ per kWh for all kWh Out of Season

Facilities Charge

The Company's investment in Company-owned Facilities Beyond the Point of Delivery times 1.7 percent.

Minimum Charge

The monthly Minimum Charge shall be the sum of the Customer Charge, the Demand Charge, the Energy Charge, and the Facilities Charge.

\*This Power Cost Adjustment (Schedule 55), and Effective Rate expire May 15, 2003.

PAYMENT

All monthly billings for Electric Service supplied hereunder are payable upon receipt, and become past due 15 days from the date on which rendered. (For any agency or taxing district which has notified the Company in writing that it falls within the provisions of Idaho Code § 67-2302, the past due date will reflect the 60 day payment period provided by Idaho Code § 67-2302.)

Deposit. A deposit payment for irrigation Customers is required under the following conditions:

1. Existing Customers: Customers who have two or more reminder notices for nonpayment of Electric Service during a 12-month period or who have service disconnected for non-payment will be required to pay a deposit, or provide a guarantee of payment from a bank or financial institution acceptable to the Company. A reminder notice is issued approximately 45 days after the bill issue date if the balance owing for Electric Service totals \$100 or more or approximately 105 days after the bill issue date for Customers meeting the provisions of Idaho Code § 67-2302. The deposit for a specific installation will be computed as follows:

SCHEDULE 24  
IRRIGATION SERVICE  
(Continued)

PAYMENT (Continued)

- a. Monthly Billing Demand will be determined by multiplying 80 percent times the connected horsepower.
  - b. Monthly Energy (billing kWh) will be determined by multiplying 50 percent times 720 hours times the Monthly Billing Demand.
  - c. The Monthly Billing Demand and the Monthly Energy will be multiplied by the current rates and added to the Irrigation In-Season Customer Charge to determine the estimated monthly bill.
  - d. The estimated monthly bill will be multiplied by a factor of one and one-half (1.5).
2. New Customer: A deposit may be required for a new Customer at the Company's discretion. The deposit for a specific installation will be computed using the same methodology as outlined for Existing Customers.
3. Bankruptcy or Receivership: An adequate assurance of payment as agreed to by the utility or as may be ordered by a court of competent jurisdiction or the IPUC shall be required from any Customer for whom an order for relief has been entered under the federal bankruptcy laws, or for whom a receiver has been appointed in a court proceeding. The maximum amount required for each season shall not exceed a payment equal to a deposit. For each irrigation season, an adequate assurance of payment shall be required as agreed to by the utility, or as may be ordered by a court of competent jurisdiction, or the IPUC. This requirement shall continue from the date of the order for relief in bankruptcy, or the court appointing a receiver, until the debtor's discharge in bankruptcy or the dismissal of the court proceeding. A Customer who has been discharged from bankruptcy or whose receivership proceeding has been terminated will be required to pay a deposit at the start of the following season to the extent required by the payment provisions listed under the other "Payment" sections of this schedule.

APPLICATION OF DEPOSIT/INTEREST

Interest will be computed by the Company on irrigation deposits required under this schedule at the annual percentage rate determined by the Commission under Utility Customer Relations Rules 106.02. The irrigation deposit, with accrued interest, will be applied to the Customer's account upon date of disconnection or at the time the Customer's September bill is prepared, whichever is earlier.

SCHEDULE 25  
IRRIGATION SERVICE – TIME-OF-USE  
PILOT PROGRAM  
(OPTIONAL)  
(Continued)

PAYMENT

All monthly billings for Electric Service supplied hereunder are payable upon receipt, and become past due 15 days from the date on which rendered. (For any agency or taxing district which has notified the Company in writing that it falls within the provisions of Idaho Code § 67-2302, the past due date will reflect the 60 day payment period provided by Idaho Code § 67-2302.)

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1. Existing Customers: Customers who have two or more reminder notices for nonpayment of Electric Service during a 12-month period or who have service disconnected for non-payment will be required to pay a deposit, or provide a guarantee of payment from a bank or financial institution acceptable to the Company. A reminder notice is issued approximately 45 days after the bill issue date if the balance owing for Electric Service totals \$100 or more or approximately 105 days after the bill issue date for Customers meeting the provisions of Idaho Code § 67-2302. The deposit for a specific installation will be computed as follows:

- a. Monthly Billing Demand will be determined by multiplying 80 percent times the connected horsepower.
- b. Monthly Energy (billing kWh) will be determined by multiplying 50 percent times 720 hours times the Monthly Billing Demand.
- c. The Monthly Billing Demand and the Monthly Energy will be multiplied by the current rates and added to the Irrigation In-Season Customer Charge to determine the estimated monthly bill.
- d. The estimated monthly bill will be multiplied by a factor of one and one-half (1.5).

2. New Customer: A deposit may be required for a new Customer at the Company's discretion. The deposit for a specific installation will be computed using the same methodology as outlined for Existing Customers.

## **Attachment 2**

SCHEDULE 24  
IRRIGATION SERVICE  
(Continued)

MONTHLY CHARGE (Continued)

TRANSMISSION SERVICE

Customer Charge

\$85.61 per meter per month

Irrigation Season

\$ 2.50 per meter per month

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Deposit. A deposit payment for irrigation Customers is required under the following conditions:

1. Existing Customers: Customers who have two or more ~~late payments reminder notices for nonpayment of Electric Service~~ during a 12-month period or who have service disconnected for non-payment will be required to pay a deposit, or provide a guarantee of payment from a bank or financial institution acceptable to the Company. A ~~payment will be considered late for deposit payment purposes reminder notice is issued approximately 45 days after the bill issue date~~ if the balance owing for Electric Service totals \$100 or more ~~and is not paid at the time the Customer's next monthly bill is prepared or 60~~ approximately 105 days after the bill issue date for Customers meeting the provisions of Idaho Code § 67-2302. The deposit for a specific installation will be computed as follows:



SCHEDULE 24  
IRRIGATION SERVICE  
(Continued)

PAYMENT (Continued)

~~The highest charge during the past 12 months for the electrical bill for the specific installation is multiplied by a factor of one and one half (1.5). The deposit may be modified due to a change in crops.~~

~~If previous billing history is unavailable, the deposit will be computed using the following formula:~~

a. Monthly Billing Demand will be determined by multiplying 80 percent times the connected horsepower.

b. Monthly Energy (billing kWh) will be determined by multiplying ~~80~~50 percent times 720 hours times the Monthly Billing Demand.

c. The Monthly Billing Demand, ~~and the~~ Monthly Energy ~~values, and the applicable Irrigation Season Customer Charge~~ will be multiplied by the current rates and added to the Irrigation In-Season Customer Charge to determine the estimated monthly bill.

d. The estimated monthly bill will be multiplied by a factor of one and one-half (1.5).

2. New Customer: A deposit may be required for a new Customer at the Company's discretion. The deposit for a specific installation will be computed using the same methodology as outlined for Existing Customers.

3. Bankruptcy or Receivership: An adequate assurance of payment as agreed to by the utility or as may be ordered by a court of competent jurisdiction or the IPUC shall be required from any Customer for whom an order for relief has been entered under the federal bankruptcy laws, or for whom a receiver has been appointed in a court proceeding. The maximum amount required for each season shall not exceed a payment equal to a deposit. For each irrigation season, an adequate assurance of payment shall be required as agreed to by the utility, or as may be ordered by a court of competent jurisdiction, or the IPUC. This requirement shall continue from the date of the order for relief in bankruptcy, or the court appointing a receiver, until the debtor's discharge in bankruptcy or the dismissal of the court proceeding. A Customer who has been discharged from bankruptcy or whose receivership proceeding has been terminated will be required to pay a deposit at the start of the following season to the extent required by the payment provisions listed under the other "Payment" sections of this schedule.

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IRRIGATION SERVICE – TIME-OF-USE  
PILOT PROGRAM  
(OPTIONAL)  
(Continued)

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a. Monthly Billing Demand will be determined by multiplying 80 percent times the connected horsepower.

e.b. Monthly Energy (billing kWh) will be determined by multiplying ~~80~~ 50 percent times 720 hours times the Monthly Billing Demand.

d.c. The Monthly Billing Demand, ~~and~~ the Monthly Energy ~~values, and the applicable Irrigation Season Customer Charge~~ will be multiplied by the current rates and added to the Irrigation In-Season Customer Charge to determine the estimated monthly bill.

e.d. The estimated monthly bill will be multiplied by a factor of one and one-half (1.5).

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